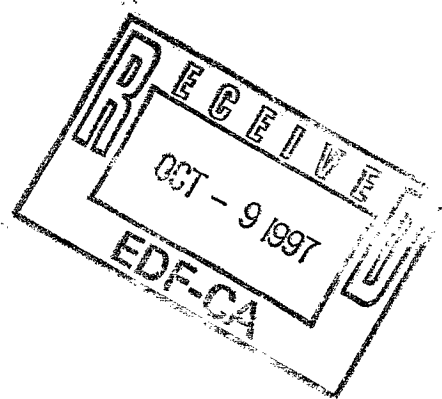


Thomas M. Zuckerman

October 7, 1997



David Yargas
Environmental Defense Fund
Rockridge Market Hall
5655 College Avenue
Oakland, CA 94618

RE: Reporting by CAL FED Contractors

Dear David:

I previously indicated to you that I would provide some information to help the Roundtable through its Needs Committee prescribe some reporting forms and formats. I have enclosed an exemplar based upon the types of reporting mechanisms which we use in various private ventures in which I am involved.

The objectives are several:

1. To provide the directors (in this case, the Roundtable and CAL FED staff) with current information versus original expectations (budget). This "snapshot" should alert the directors to emerging problems.

2. To require the project proponents to provide a thoughtful analysis of the projected milestones and associated costs of their project from the outset and to keep the managers cognizant and current on their progress versus original projections.

The way this type of format is ordinarily implemented requires the current month report to be prepared within the following month or some portion thereof. Material variations in actual expenditures versus budget projections are required to be explained by a written narrative accompanying the report. Budgets are not changed unless the directors concur that there is a major change in circumstances.

In order to implement this type of reporting procedure, it is necessary that the budget, broken down by the various

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program elements ("milestones"), be established as a part of the original contract documents. This breakdown will occur quite differently for different types of projects depending upon their complexity and objectives.

A completely separate reporting package should be required on the qualitative aspects of the program. That is, on some regular basis (monthly, quarterly, semi-annually or annually), a management report should be submitted encompassing management's opinion as to how and to what degree the qualitative objectives of the program are being achieved or not achieved.

I hope this rough information will be helpful in arriving at some efficient form of reporting for the various projects which CAL FED ultimately funds (in whole or in part).

Yours very truly,



THOMAS M. ZUCKERMAN

TMZ:csf
Enclosure